IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1918.

No. 1[redacted]111

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

vs.

NIELS A. CHRISTENSEN AND ALLIS-CHALMERS COMPANY,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT

and

BRIEF IN SUPPORT THEREOF.

THOMAS B. KERR,
CHARLES A. BROWN,
Solicitors,
JOHN S. MILLER,
EDWARD OSGOOD BROWN,
Of Counsel,
For Petitioner.

DUNLOP-WOODEN PRINTING COMPANY, CHICAGO.

IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1918.

No. .....

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

vs.

NIELS A. CHRISTENSEN AND ALLIS-CHALMERS COMPANY,
Respondents.

NOTICE.

To Niels A. Christensen and Allis-Chalmers Company, or Their Solicitors:

Please take notice that upon a certified copy of the transcript of record herein we shall present the petition for writ of certiorari and the brief in support thereof hereunto annexed, to the Supreme Court of the United States at the Capitol in the City of Washington, District of Columbia, on the 2nd day of June, A. D. 1919, at the

opening of the court on that day or as soon thereafter as counsel can be heard.

We shall request the clerk of the Supreme Court to make such presentation and submission for us.

May 17, 1919.

THOMAS B. KERR,
CHARLES A. BROWN,
Solicitors,

JOHN S. MILLER,
EDWARD OSGOOD BROWN,
Of Counsel,
For Petitioners.

To Joseph B. Cotton,
Willett M. Spooner,
Louis Quarles,
William R. Rummler,
Counsel for Respondents.

Service of the foregoing petition and brief in the above entitled cause is admitted on this _____ day of May, A. D. 1919.

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Solicitors for Respondents

IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1918.

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

vs.

NIELS A. CHRISTENSEN AND ALLIS-CHALMERS COMPANY,
Respondents.

PETITION FOR CERTIORARI.

PETITION FOR A WRIT OF CERTIORARI FROM THE SUPREME COURT OF THE UNITED STATES TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT IN THE APPLICATION OF NATIONAL BRAKE AND ELECRIC COMPANY TO SAID CIRCUIT COURT OF APPEALS FOR AN ORDER DIRECTING DISMISSAL OF BILL IN THE ABOVE ENTITLED CAUSE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF WISCONSIN, ETC.

To the Honorable The Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, National Brake & Electric Company, represents:

First. That it was the petitioner in the Circuit Court of Appeals for the Seventh Circuit in the application above named, and was denied relief by the said Circuit Court of Appeals in a decision made on a single proposition of law of great importance to all persons concerned in rights accruing under patents and considered in patent litigation—namely:

That on a question of prior adjudication or estoppel a decree sustaining a patent, finding infringement, granting an injunction during the life of the patent, and referring the case to a master to take and report an account of damages and profits and reserving decision on said damages and profits and all further questions until the coming in of such report, is not an interlocutory but a final decree.

That as your petitioner is advised by counsel and believes, the said proposition is a reversal of a hitherto universally received rule.

Second. The necessary facts for the purpose of this petition are stated in the opinion of the court by Baker, Circuit Judge (see page ___, *infra*), appended as an exhibit to the brief filed and bound herewith, as follows:

"The respondents sued petitioner in the District Court for the Eastern District of Wisconsin for alleged infringement of Patent No. 635280 issued October 17th, 1899 to N. A. Christensen for a combined pump and motor.'"

"On issues joined as to the ultimate rights of the parties, the District Court heard and considered all the evidence each side had to offer respecting the ownership, validity and infringement of the patent and thereupon

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'The bill of the plaintiffs prayed.

First. That the defendant should be decreed to account for and pay to the plaintiffs, the profits or income derived from the alleged violation of the plaintiffs rights, and that upon entering the decree against the defendant for infringement, the court might proceed to assess or state to be assessed under its direction in addition to the unlawful profits or income to be accounted for by the defendants, damages plaintiffs had sustained by reason of such infringement, and that the court might increase the actual damages so assessed to a sum equal to three times the amount of such assessment and

Secondly. For a writ of perpetual injunction against the further manufacture, use or sale of the said patented improvements by the defendants and

Thirdly. That the infringed devices or apparatus in the possession or use of the defendants might be decreed to be destroyed or delivered to the plaintiffs for that purpose.

adjudged and decreed that respondents were the owners of a valid patent which was being infringed by structures made, used and sold by petitioner, that petitioner and its agents be enjoined during the life of the patent from making, using or selling any combined pump and motor embodying the Christensen improvements and that an accounting before a named master in chancery be had for past infringements."†

"On appeal to this court" (the Circuit Court of Appeals for the Seventh Circuit) "that decree" (of the District Court) " was affirmed in 1915." (October 5th.) "Ever since our mandate was issued, the cause has been pending in the District Court in Wisconsin on the accounting.

"Sometime after the decisions in this" (Seventh) "Circuit, respondents began a suit on the same patent against the Westinghouse Traction Brake Company in the District Court for the Western District of Pennsylvania" (March 11, 1916). "That litigation resulted in a decree entered in 1917" (October 1, 1917) "pursuant to the mandate of the Circuit Court of Appeals for the Third Circuit, holding the patent invalid, and dismissing the bill for want of equity.

"Thereupon petitioner went into the District Court in Wisconsin" (March 9, 1918) "and on representations that it was entitled to the benefit of the Pennsylvania de-

†This decree was by the United States District Court for the Eastern District of Wisconsin, entered on the 23rd day of August, 1914, and the portion of decree concerning the accounting for past infringements, was as follows:

"That Lewis M. Ogden be appointed Master to ascertain and report to the court the number of combined pumps and motors embodying the subject matter of the claims of said Patent No. 635289 that have been made and also that have been sold by the defendant in infringement of the patent, and the gains and profits made by the defendant thereon, and the damages sustained by complainants by reason of such manufacture, use and sale, * * * that the question of increased damages and all further questions be reserved until the coming in of the Master's Report."

cree as a privy, asked that the Wisconsin decree be vacated and petitioner be granted leave to amend its answer on the merits by setting up the Pennsylvania decree as *res adjudicata*. That petition was denied." (By the District Court: July 31, 1918.)

Third. That after said denial by the District Court—mentioned in the opinion of Judge Baker above quoted—the petitioner on August 19, 1918, moved in the Circuit Court of Appeals for the Seventh Circuit for an order from said court directing the District Court of the United States for the Eastern District of Wisconsin directing the vacation of the Wisconsin decree and the dismissal of the bill with costs.

Fourth. That the said application or motion of the petitioner made to the Circuit Court of Appeals for the Seventh Circuit, August 19, 1918, was denied by that court, April 29, 1919, and an opinion rendered by said court which opinion is appended to the brief filed herewith in support of this petition.

Fifth. That the said Circuit Court of Appeals, in denying the said application or motion, placed its decision solely on the position that for the purposes of determining the rights of the parties and of constituting the basis of a plea or claim of *res adjudicata*, the decree of the District Court for the Eastern District of Wisconsin, entered August 21, 1914, and affirmed by the Circuit Court of Appeals, October 5, 1915, was a final decree and not an interlocutory decree.

The said Circuit Court of Appeals said (p. 34, *infra*):

> "On the records of the two cases which are submitted as constituting all the evidence that bears on this motion, respondents dispute petitioner's contentions as to the identity of subject matter and parties in the two decrees. But at the threshold

lies the question of the nature and effect of the Wisconsin decree affirmed by this court and we have stated the case only in that aspect."

It then proceeds to discuss that aspect only, declaring its decision that while a decree in a patent litigation based on submission and consideration of the issues of validity and infringement, may be classed as interlocutory "in relation of time," it is final "in essence," although the bill of the complainant prays for profits and damages, and the decree is in the ordinary form, granting an injunction during the life of the patent, but reserving an account of profits and damages and referring the cause to a master for such an accounting. It bases its judgment and denial of said motion and application wholly on said position and decision and the corollary drawn therefrom that the decree and adjudication of the District Court of the United States for the Eastern District of Wisconsin of August 21, 1914,—adjudging the validity of Patent No. 635280, was a final and controlling decree of a court of competent jurisdiction on such validity prior to that of the District Court of the United States for the Western District of Pennsylvania, entered October 1, 1917, adjudging said patent invalid, and that on the assumption that the parties were identical or in privity, it determined their rights.

Sixth. That your petitioner is advised by counsel and believes that such decision and judgment of the Circuit Court of Appeals is erroneous and in conflict with many decisions of this court and of various District and Circuit Courts and Circuit Courts of Appeal of the United States to the effect that in a patent suit in equity where an injunction, profits and damages are prayed, a decree finding validity and infringement and ordering an injunction but reserving an accounting and ordering a

reference for that purpose, is merely interlocutory and not final.*

Seventh. That such a decree being interlocutory and not final, cannot without error be held controlling or binding as against a subsequent final decree between the said parties and their privies, finding the patent invalid and dismissing a bill founded on it.

Eighth. That the position taken by the Circuit Court of Appeals for the Seventh Circuit in the denial of the motion and application of the petitioner before described, will introduce, if unreversed, a conflict of authority and an uncertainty regarding a rule frequently invoked and of great gravity and of vital importance to many interests involved in the construction of the patent laws and the determination of the rights of parties under the same, and that the matter should therefore be brought to this court for review in the interest of uniformity in the law and its administration as well as to correct the error made by the adjudication against your petitioner in the case at bar, as it is advised and believes.

Ninth. That while the fact that the decision of the Circuit Court of Appeals is, as before set forth, based entirely on the position hereinbefore set forth that the decree of the District Court of the Eastern District of Wisconsin was final and not interlocutory and assumes that the plaintiffs in the suit in the Western District of Pennsylvania were identical with the plain-

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*e. g.:

Barnard v. *Gibson*, 7 Howard, 650.
Humiston v. *Stainthorp*, 2 Wallace, 106.
McGourkey v. *Ry. Co.*, 143 U. S., 545.
Smith v. *Vulcan Iron Works*, 165 U. S., 518.
Ex Parte National Enameling Co., 201 U. S. 156.
Harmon v. *Struthers*, 48 F. R., 260.
Richmond v. *Atwood*, 52 F. R., 10.
Bradley Co. v. *Eagle Co.*, 57 F. R., 980.
Bissell Carpet Sweeper Co. v. *Goshen Sweeper Co.*, 72 F. R., 545.
Brush Electric Co. v. *Western Electric Co.*, 76 F. R., 761.
Stromberg v. *Motor Devices Co.*, 220 F. R., 154.
And many other cases.

tiffs in the Wisconsin suit and the defendants in the two suits in privity, may render unnecessary in this petition an allegation of said privity of this petitioner with the defendant in the Pennsylvania suit, your petitioner makes such allegation and further represents that the record agreed upon by the parties and presented to the Circuit Court of Appeals in the original proceeding in which this certiorari is asked, and which constitutes the record in this case, contains the evidence showing such privity.

Tenth. That upon the face of the record filed with this petition the same patent, No. 635,280, is valid under the decision of the Circuit Court of Appeals of the Seventh Circuit, and is void under the decision of the Circuit Court of Appeals of the Third Circuit,—the said decisions being rendered in cases between the same parties or their privies. Petitioner is advised and submits that this conflict of decision can only be removed if the certiorari herein prayed for is granted.

Eleventh. That no question of jurisdiction or of procedural practice arises in this matter as to the form or method of the application to the Circuit Court of Appeals in this case. The Circuit Court of Appeals took jurisdiction of the application, considered the same as "an original proceeding," on the record, on briefs and arguments filed on both sides and on oral arguments from both sides, and decided the same as before set forth solely on the question of the final or interlocutory nature of the decree of the Wisconsin District Court.

Your petitioner represents that in compliance with the rule of this court it has furnished and filed as an exhibit to this petition a certified copy of the record in this proceeding agreed on by the parties and submitted to the Circuit Court of Appeals and of the proceedings of the Circuit Court of Appeals therein.

Wherefore your petitioner prays that this court issue a writ of certiorari to the United States Court of Appeals for the Seventh Judicial Circuit commanding the said court to certify to this court the record of its proceedings in this original proceeding entitled as above,

"National Brake & Electric Company,
Petitioner,

—vs—

Niels A. Christensen and Allis-Chalmers Company,
Respondents.

An application for an order directing dismissal of bill brought in the United States District Court for the Eastern District of Wisconsin":

To the end that the said proceeding may be reviewed in this court, and that your petitioner may have such other and further relief in the premises as this court may deem appropriate and that said judgment of the said Circuit Court of Appeals therein may be reversed by this Honorable Court.

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

By THOMAS B. KERR,
CHARLES A. BROWN,
Its Solicitors

JOHN S. MILLER,
EDWARD OSGOOD BROWN,
Of Counsel.

INDEX TO BRIEF.

Authorities Cited.

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Respondents.

BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.

CERTIORARI SOUGHT TO REVIEW RULING THAT A DECREE FOR INJUNCTION AND ACCOUNTING IN A PATENT SUIT, IS FINAL AND NOT INTERLOCUTORY.

This petition for a certiorari to the Circuit Court of Appeals for the Seventh Circuit is based as the petition sets forth upon what the petitioner believes to be an erroneous decision on a single and simple proposition of law,—which was made against it in *an original proceeding*, brought by it to said Circuit Court of Appeals. It was an application asking for a certain direction to the United States District Court for the Eastern District of Wisconsin, in a patent suit there pending on an accounting, after an affirmance by said Circuit Court of Appeals of a decree which we submit was an interlocutory decree, but which the decision which we are seeking to have reviewed adjudges to be final. Whether the decree of the District Court of the United States in Wis-

consin which was entered August 21, 1914, finding the validity of Patent No. 635,280—and its infringement by the defendant (the petitioner here)—enjoining the defendant from making, selling or using the devices covered by the patent during the remainder of the life of the patent, appointing a master to ascertain and report to the court the gains, profits and damages made by the defendants by reason of such manufacture, use and sale theretofore occurring, and reserving a question of increased damages and all other questions until the coming in of the master's report, was a final or interlocutory decree,—is the sole question which the Circuit Court of Appeals felt itself called on to decide in this proceeding.

The ruling here of the Circuit Court of Appeals was that such a decree is a final decree.

We think, as we have said, that this question was erroneously decided by the Circuit Court of Appeals and desire its decision reviewed here for that reason.

QUESTION HERE IS ONE OF GREAT PUBLIC INTEREST AND IMPORTANCE.

Moreover, we submit that it is a question of great public interest and importance; that all persons interested or connected with patent litigation must so regard it, and that it is extremely desirable on that account also that in the interest of future uniformity in the administration of the law, it should be definitely settled by the decision of this court whether a revolutionary overthrow of the received doctrine among the experts in patent litigation has been definitely accomplished by this decision.

For the rule laid down by the learned judge in his opinion in the instant matter is entirely without prece-

dent. He does not maintain in his opinion that it has such a precedent. Arguing purely from a standpoint which he believes to be that of logic and right reason, he devotes his opinion to a claimed distinction between a decree "interlocutory in time" and one "interlocutory in essence."

And recognizing as of course he must that in a great number of carefully and indeed elaborately considered cases of patent litigation this court as well as every other federal court has classified decrees like the one of the Wisconsin District Court involved here,—as "interlocutory" and not "final"—he admits or implies the admission (according with the fact) that they have been not only often, but universally so held under the statutes regulating the time and procedure in interlocutory and final appeals, respectively. That they have always hitherto been also so held by Circuit Courts of Appeal (including the Seventh Circuit) when considered on a claim by plea or otherwise that they could be used as supporting a contention of *res adjudicata* or estoppel—the learned judge does not indicate, but we submit that this is the fact.

RULING OF CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT HERE IS IN CONFLICT WITH ITS OWN DECISIONS IN OTHER CASES.

By this decision the Circuit Court of Appeals for the Seventh Circuit makes a distinction between the character of a decree in a patent infringement case with accounting reserved, as applied to the statutory right of appeal, and its character as applied to its use as *res adjudicata*. In the first case it is interlocutory—in the last it is final, it says. No reason why such a distinction should exist is suggested by the learned judge. He cites decisions of this court which expressly declare such a

decree interlocutory, and says it was within the province of this court as a matter of appellate procedure "to declare that a 'final' order was only the one that ends the litigation in the trial court and that the legislative intent was against 'piecemeal' appeal." Does he imply that it is *not* within the province of this court to hold that only such a decree is a final one when the question is of priority of adjudication or estoppel? He says that in the cases he cites "the point was '*stressed*' that the intermediate order or decree sought to be presented for review—regardless of its essence—*was not final for the purpose of appeal* within the meaning of the statute."

He says, "If a decree dismisses an injunctional bill for want of equity a period of six months is allowed for appeal. Such a decree is final both in time and essence. If a decree establishes a perpetual injunction and orders an accounting, *no injury is done if, as a matter of procedural law, it be held that an appeal must be taken within thirty days.*"

Does he imply that injury *is* done if it be held as a matter of "substantive law" that a decree in a patent case, adjudging infringement, establishing an injunction and ordering an accounting is interlocutory only and cannot be used as the basis of a claim of *res adjudicata* or as a finality in any sense?

He would seem to do so. But in so holding the Circuit Court of Appeals for the Seventh Circuit, speaking through him, directly contradicts the Circuit Court of Appeals for the Seventh Circuit, speaking through Judge Woods, in *Brush Electric Company* v. *Western Electric Company*, 76 Federal Reporter, 761. It there said of a decree precisely similar to the decree of the District Court of Wisconsin involved here:

"The decree in the Toledo case awarded a per-

> petual injunction but with an order of reference to a master to ascertain the damages by reason of infringement and for that purpose the suit, it is conceded, is still pending. *It is therefore only an interlocutory decree and not available as an estoppel in respect to any issue in these suits:*"

citing to sustain this utterance a numerous array of cases, indiscriminately those in which the question was one of the effect of the want of finality on procedural and statutory methods of appeal and those in which it was one of the effect of the want of finality on the substantive matters of the law of *res adjudicata* and estoppel.

And it contradicts expressly also other of its own opinions,—for example, *David Bradley Mfg. Co.* v. *Eagle*, 57 F. R., 980, where it said, speaking through Judge Jenkins, of a prior Iowa decree between the parties or privies to the suit then at bar, finding infringement, ordering a perpetual injunction, and an accounting of profits and damages, that the decree was not well pleaded as a bar "because, being interlocutory, while it affirmed the validity of the patent and the fact of infringement, it still remained in the breast of the chancellor and was subject to change."

And it overrules the conclusion of Judge Sanborn, sitting in the United States District Court at Chicago (in the Seventh Circuit), who said in *Stromberg Motor Devices Co.* v. *Zenith Carburetor Co.*, 220 F. R., 154—speaking of a decree which had been entered in *Stromberg Co.* v. *Bender* (a privy of the Zenith Company), 212 F. R., 419—which decree was just such a one as that of the Michigan District Court involved here, that the Zenith Company was "not estopped by the interlocutory decree because finality is essential."

Although in the Zenith Co. case, the interlocutory decree in the Bender case had ripened into a final one before the beginning of the Zenith Co. case, Judge San-

born points out that while up to the "interlocutory degree" the case was fought by the Zenith Company for Bender, and the Zenith Company was therefore a privy, it ceased to be so after the interlocutory decree and that the "final" decree was a consent decree. Therefore said Judge Sanborn:

> "The Zenith Company is not estopped by the *interlocutory* decree because finality is essential. It is not concluded by the *final* decree because it is not a party of record, and because a consent decree binds no one but the parties thereto. * * * The rule of *res judicata* does not apply whatever may be the rule of *stare decisis.*"

We submit it is quite a sufficient reason for a writ of certiorari from this court to the Circuit Court of the Seventh Circuit that the rule laid down in these diverse cases make even for that Circuit confusion and uncertainty concerning a rule which as our petition sets forth is often invoked and is of immense importance to patent litigants. It would seem and we have no doubt it is the case that the members of the bench in that Circuit would welcome a controlling and final decision from this court on this question.

EFFECT OF RULING OF CIRCUIT COURT OF APPEALS HERE IS TO BRING AND KEEP LAW OF THAT CIRCUIT IN CONFLICT WITH THIRD CIRCUIT AS TO THE VALIDITY OF THE SAME PATENT.

It is also a sufficient cause, we submit, for a certiorari that as we have set forth in the petition the petitioner itself which has sold many thousands of the alleged infringing machines all over the United States (Rec., 93), is attacked under a specific patent which has been declared invalid and void by the Circuit Court of Appeals, in the Third Circuit and valid and controlling by the Circuit Court of Appeals in the Seventh Circuit.

THE RULING HERE SOUGHT TO BE REVIEWED IS IN CONFLICT WITH DECISIONS OF OTHER CIRCUITS ON SPECIFIC QUESTION RULED ON.

But the interest of the public and of the profession in a speedy and definite decision on what seems to many of them certainly revolutionary in its treatment of the law, is founded by no local lines narrower than the jurisdiction of this court. The decision which we are seeking to have reviewed is not only directly opposed to other decisions in the Seventh Circuit, it is also opposed to the decisions of the Circuit Court of Appeals in other circuits.

Some of them we cite:

Thus in the First Circuit in *Richmond* v. *Atwood*, 52 F. R., 10, the Circuit Court of Appeals in a very elaborate opinion—discussing as the chief questions the jurisdiction under the appeal provision in Sec. 7 of the Circuit Court of Appeals Act, and whether on an appeal from a decree like the one involved here as an interlocutory decree the Circuit Court of Appeals could not only dissolve the injunction but dismiss the bill, emphasizes extremely the assertion that there are but two classes of decrees—"FINAL" and "INTERLOCUTORY"; and that every decree must be one or the other and cannot be both. It says:

> "Since Sir William Blackstone's day at least decrees have only been subject to one division and have been classed generally either as final or interlocutory decrees or orders, and an 'interlocutory decree' has been repeatedly defined as any decree made before final decision and for the purpose of ascertaining matter of law or fact preparatory to a final decree.
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> * * * * *
>
> It is quite clear that this single division of decrees into two classes and two only, interlocutory and

final, has been generally accepted by lawyers and judges in this country and England."

After citing a formidable array of authorities, text writers and at least two score of federal court cases to this proposition, the learned judge proceeds:

"It will be observed, from an examination of the cases in the Supreme Court of the United States, that a decree in patent cases, declaring the patent in question valid and that it has been infringed and for an injunction and an accounting, has uniformly been referred to as an interlocutory decree and the cases are numerous, * * * where upon an appeal from a decree determining the general property right, granting an injunction, and an order for an accounting before a master, it has been held that the decree was not final or appealable."

This language certainly gives no hint of a class of decrees in the mind of the court in the First Circuit interlocutory "in time" but not "in essence" and presents a marked contrast to that of Judge Baker (p. 40-41 of his opinion, attached hereto):

"If a decree establishes a perpetual injunction and orders an accounting *no injury is done* if as a matter *of procedural law*, it be held that an appeal must be taken within thirty days. Such a decree, though final in essence is interlocutory in time, and stressing time in procedure it *may* be better that the decree be *classified* as interlocutory *for the purposes of appeal*. But although appeals from decrees of temporary injunction and from decrees of perpetual injunction with accounting reviewed are thus brought within the same section of the appellate practice statute, no bar to recognizing *the difference in essence* between temporary and perpetual injunctions is thereby formed." (The italicization is ours.)

It would be certainly well to determine which of these courts correctly states the true theory.

In the Second Circuit, in *Marden* v. *Campbell Printing Press & Mfg. Co.*, 67 F. R., 809, p. 815, the Circuit Court

of Appeals through Judge Putnam said in relation to the right of appeal from a decree directing a perpetual injunction and accounting:

> "The only person prejudiced in the sense of the law by a decree of the character of that in the case at bar is the defendant and he is prejudiced only so far as the injunction order operates against him. * * * What has the appearance of a decree against him, so far as embraced in the interlocutory proceedings is only a finding of the court. It is sufficient to bar further proceedings *in the cause* so far as the claims passed on are concerned *but it is effectual for nothing more and is not pleadable in any subsequent litigation.*"

In the Third Circuit the very case which is involved in this proceeding furnishes an example of the difference of view of its courts from that enunciated by the Circuit Court of Appeals of the Seventh Circuit in this case.

The District Court in Pittsburgh by final decree, under the mandate of the Circuit Court of Appeals of the Third Circuit has held Patent 635,280 invalid and void. The District Court in Milwaukee affirmed by the Circuit Court of Appeals in the Seventh Circuit has held Patent 635,280 valid and in force. The decree of the Milwaukee court which we maintain was *interlocutory,* was prior in time to the decree of the Pittsburgh court which was certainly *final.* If the counsel for the plaintiff in the Pittsburgh case had supposed the decree in the Milwaukee case "final" they would have asserted estoppel against the Westinghouse Traction Brake Company and had the courts in the Third Circuit agreed with them they would have obtained a decree of injunction and accounting against that company without offering any proof other than that of privity and identity of subject matter.

But no such method of proceeding was used. Counsel in the Pittsburgh case frankly called the Milwaukee decree "an interlocutory decree" (Rec., 81), and the courts proceeded to adjudicate the invalidity of Patent 635,280 without reference to it.

Better evidence of the difference of decision between the Third and Seventh Circuit Courts of Appeal could not exist.

In the Fourth Circuit in the case of *Howe Machine Co.* v. *Dayton*, 210 F. R., 801, a decree of the District Court finding a patent valid and infringed, granting an injunction, and ordering an account was appealed and affirmed by the Circuit Court of Appeals. When the case went back to the District Court for an accounting, that court as the plaintiff alleged, "enlarged the mandate" by an order and the defendant applied to the Circuit Court of Appeals for a mandamus to compel the district judge to vacate the order. The Circuit Court of Appeals called the injunction "an interlocutory injunction" (p. 802), and said the decree was not final and the petition for a mandamus was denied.

In the Fifth Circuit in *Jones Co.* v. *Munger*, 50 F. R., 785, the Circuit Court of Appeals says of a decree which adjudged the validity of the patent sued on and directed an injunction termed "perpetual" against the defendants as infringers, and referred the case to a master for taking an account:

> "It is well settled that such a decree is not a final decree from which an appeal could be taken or of which this court would have jurisdiction under the 6th section of the Judiciary Act of 1891. We are, however, of the opinion that it is an interlocutory decree granting an injunction from which an appeal would lie under the seventh section of the said Judiciary Act,"

and then discussing the nature of interlocutory decrees,

and applying it to the matter in hand, it quotes with approbation from Daniels Chancery Practice this:

> "For this reason it is that a decree which has not been enrolled though it is in its nature a final decree is considered merely as interlocutory and cannot be pleaded in bar to another suit for the same matter."

In the Sixth Circuit in an opinion (*Bissell Carpet Sweeper Co.* v. *Goshen Sweeper Company*, 53 F. R., 545), very elaborately discussing and deciding in the affirmative the questions whether on appeal from a decree in a patent infringement case granting a perpetual judgment but reserving an accounting, the decision of the reviewing court may extend to the whole merits, and whether for the court making the decree and for the reviewing court—the decision of the latter becomes "the law of the case" (not *res adjudicata*" it is to be noted), Judge Lurton for the Circuit Court of Appeals calls such a decree constantly "an interlocutory decree" without hinting at any distinction that would limit the classification in such a way as to make such an "interlocutory decree" pleadable and enforceable as *"res adjudicata"* or "an estoppel," as though it were "a final decree."

It might have aided his argument to do so, but on this point he only says:

> "Under the rule of the Supreme Court as to an appealable final decree this was not one, although the merits had been determined and nothing remained to be done except to ascertain the damages (citing cases). It was, however, 'an interlocutory decree awarding an injunction' within the meaning of Section 7 of the Court of Appeals Act and an appeal was properly allowable."

Upon other grounds he then proceeds to treat the subject of the authority of the reviewing court to consider

the merits of the patent and settle "the law of the case" on such an appeal from an *interlocutory* decree.

To the same effect is the decision in the *Ninth* Circuit in *Cable Co.* v. *Cable Ry. Co.*, 58 F. R., 226.

In the Eighth Circuit Judge Thayer in *Metallic Extraction Company* v. *Brown*, 104 F. R., 345, having occasion to pass in an appeal from a decree finding validity and infringement and ordering an injunction and accounting, upon the sufficiency of the allegations of the bill and of the evidence taken in this case on the subject of damages, said the decree below had not become final and that those questions might well be left open for future consideration when there should have been a *final* decree.

In *Harmon* v. *Struthers*, 48 F. R., 260, in the Circuit Court of the Western District of Pennsylvania in 1891, the position that Judge Baker now takes in his opinion as to the effect as *res adjudicata* of such a decree as is in question here was raised, and it was discussed and disposed of by that court, Judge Acheson, citing many cases, among them *Chemical Works* v. *Hecker*, 20 Federal Cases, 1345.

He concluded:

> "Applying the principle of the decisions cited to this case we have no difficulty in holding that our decree in the other suit is interlocutory and does not here operate as an estoppel precluding inquiry into the validity of the patent."

And in *Hills & Co.* v. *Hoover*, 142 F. R., 904, which although not a patent case, was the closely analogous one of copyright litigation, Judge Holland in the Circuit Court of the Eastern District of Pennsylvania said that a decree in a case between the same parties on the same subject matter awarding a perpetual injunction and or-

dering an accounting should not have been admitted in evidence.

> "It has been held," he says, "in numerous cases that a decree in equity proceedings awarding a perpetual injunction and an accounting by the defendant to the plaintiff for profits and referring the case to a master to ascertain the amount thereof which the plaintiff is entitled to recover, which is still pending and undetermined before the master, is an interlocutory and not a final decree and therefore is not *res adjudicata* as to any suit involved and was not admissible in evidence."

In the Circuit Court of the Northern District of New York, Judge Ray in *Australian Knitting Company* v. *Gormley*, 138 F. R., 92, in a patent case decided the exact question, declaring in the language of the headnote fully borne out by the text of the opinion:

> "A decree of a Circuit Court sustaining the validity of a patent and awarding a permanent injunction against infringement and referring the case to a master for an accounting as to damages and profits is interlocutory merely and not final and is not conclusive of the validity of the patent in a subsequent suit between the same parties prior to the rendition of final decree in the cause although on appeal from such interlocutory decree it has been affirmed by the Circuit Court of Appeals."

This question raised anew by the opinion in the case at bar should be now set at rest by a decision of this court as fairly on the point as this.

In our view decisions which this court has made in numerous well considered cases concerning the interlocutory and nonfinal character of such decrees, have already done so on the precise point involved of their use to sustain a claim of *res adjudicata* and estoppel as well as of appealability,—but as the decision which we seek to have

reviewed by the certiorari prayed for is based entirely on an alleged distinction in this regard we have postponed a reference to them until we had clearly shown that at least they have been interpreted differently from the court's construction of them here by other subordinate Federal Courts and by other judges of the same court.

And before proceeding to cite or quote from those cases in this court it may be proper to note that we do not agree entirely with the conception of the Court of Appeals here of the jurisdiction of equity in litigation over alleged infringement of patents. The opinion here says that "injunction is the sole basis of the equitable jurisdiction over the bill"; that the accounting is an incidental matter taken up in the equity suit although it is a legal cause of action, purely as a matter of convenience. We do not so conceive it. The federal courts have original jurisdiction of all suits under the patent laws, and by section 4921 of the Revised Statutes as amended March 3, 1897, the courts vested with jurisdiction under the patent laws are expressly given "power to grant injunctions according to the course and principles of courts of equity to prevent the violation of any right secured by patent on such terms as the court may deem reasonable and upon a decree being rendered in any such case for infringement the complainant shall be entitled to recover in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction."

It seems to us that the jurisdiction to compute profits and assess damages for an infringement of a patent becomes thus no more in theory solely a quasi-extraneous

incident or appendage of a suit for an injunction against the continuance of the infringement, than it is in fact in practice. It is familiar experience that the profits and damages sought on account of past infringements quite as much as the injunction sought against future ones during a possibly short subsequent life of the patent are the real backbone, substance and cause of the suit. In view of the statute, the reasoning that the entry of a permanent injunction exhausts every equitable issue in the bill and therefore it must determine all the equities and be final as *res adjudicata* or in estoppel, and that this court therefore in holding it interlocutory must have meant interlocutory "in time" only and not "in essence" does not seem to us sound.

Although as decided in *Root* v. *Railway Company*, 105 U. S., 189, and *Tilghman* v. *Proctor*, 125 U. S., 136, something more than a claim for damages must be made in patent cases to give jurisdiction in equity,—yet when such other relief is sought together with an accounting for profits and damages, the claim and the accounting become integral and vital parts of the whole litigated cause.

This court said in *Hamilton Shoe Company* v. *Wolf Bros.*, 240 U. S., 251, that in trade-mark and patent cases an infringer is required in equity to account for and yield up his gains to the true owner upon a principle analogous to that which charges a trustee with the profits acquired by wrongful use of the property of a *cestui que trust*.

At all events this court has made no such distinction between "in time" and "in essence" in any of the multitude of cases in which it has consistently held and declared a decree of this nature "interlocutory" and "not final."

It may seem unnecessary to quote here from any of these cases, so well established admittedly is the rule of which such decrees are thus defined by this court when dealing with their appealability, but to emphasize our contention that such a distinction as is the basis of the decision we seek to review has not been recognized in them, it may not be improper to call attention to the language of a few of them.

In 1825 Chief Justice Marshall said (*The Palmyra*, 10 Wheaton, 502) that in admiralty a decree of restitution of a prize leaving damages unsettled that were prayed for as well as restitution was *not final on the rights of the parties*, and that the accounting not being merely ministerial distinguished it from that in a foreclosure in equity where the amount due on a fixed obligation only was to be ascertained.

Certainly the same reasoning is good in patent infringement cases, and it was used in those cases by this court.

In *Barnard* v. *Gibson*, 7 Howard, 656, we find Mr. Justice McLean in 1848, speaking for the court, and distinguishing *Forgay* v. *Conrad* (discussed in the opinion here) thus:

> "The decree in the case under consideration is not final within the decisions of this court. The injunction prayed for was made perpetual but there was a reference to a master to ascertain the damages by reason of the infringement."

These cases having been followed in both admiralty and patent causes for more than half a century, this language of Mr. Justice Brown's opinion in 1892 in *McGourkey* v. *Toledo & Ohio Railway*, 146 U. S., 536, was fully justified:

> "Probably no question of equity practice has been the subject of more frequent discussion in this court

than the finality of decrees. It has usually arisen upon appeals taken from decrees claimed to be interlocutory but it has occasionally happened that the power of the court to set aside such a decree at a subsequent term has been the subject of dispute. * * * Upon the one hand it is clear that a decree is final though the case be referred to a master to execute the decree by a sale of property or otherwise as in the case of a foreclosure of a mortgage. * * * *It is equally well settled* that a decree in admiralty for a collision or other tort * * * *or in equity establishing the validity of a patent and referring the case to a master to compute and report the damages is interlocutory only.*"

But it was not "for convenience" or because no injury would be done by classifying the decree as "interlocutory" and not as "final" that these decisions in admiralty and patent litigation were made. On the contrary even against the plea of great inconvenience and injury (see *Barnard* v. *Gibson, supra*) the court was applying the same rule to admiralty and patent litigation that it applied in a case which belonged to neither class (*Beebe* v. *Russell*, 19 Howard, 283), but concerned the conveyance of land which the bill charged was fraudulently withheld from the complainant, and for an account for the rents and profits.

The court found the fraud, decreed the conveyance of the land with surrender of possession, and referred the account for withheld profits to a master. This court held that decree not final and *therefore* not appealable. It said, distinguishing the accounting from a ministerial act, "that there was a pecuniary uncertainty in respect to the sum to be paid to the defendant which was only to be made certain and operative by a decree of the court upon the master's report." Therefore the decree was *not* final. Is not the same thing exactly true of our case?

In a footnote we have indicated some of the many cases to which we have hereinbefore referred decided by this court in which without a suggestion as to any limitation of the words to "procedural" law it has termed decrees in patent suits which found validity and infringement, established perpetual injunctions, but ordered accountings, "interlocutory decrees,"

Nothing could more clearly indicate that it was no mere question of procedural law which this court had in mind in thus classifying these decrees than the language in *Winthrop Iron Co.* v. *Meeker*, 109 U. S., 180, repeated with approbation in *Keystone Iron Co.* v. *Martin*, 132 U. S., 91.

In the first case, the court held the decree in the case then at bar final, but remarked, "The case is altogether different from suits by patentees to establish their patents and recover for the infringement. *There the money recovery is part of the subject matter of the suit.* Here it is only an incident to what is sued for."

In the second, the court held the decree in the case then before them was not a final decree on the same principle that the court said in *Winthrop* v. *Meeker* was applied to patent infringement suits.

The reason given which prevents a decree giving partial relief from being final, is just as applicable to questions of estoppel as to the time within which an appeal must be taken.

In *Ex parte National Enameling Co.*, 201 U. S., this court, speaking through Mr. Justice Brewer, is particu-

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Humiston v. Stanthorp, 2 Wall., 106.
Hurlbut v. Schillinger, 130 U. S., 456.
Cornelly v. Markwald, 131 U. S., 159.
St. German v. Brunswick, 135 U. S., 227.
Yale Lock Co. v. Berkshire Bank, 135 U. S., 342.
McCreery v. Penn. Canal Co., 141 U. S., 459.
McGowan v. N. Y. Belting Co., 141 U. S., 332-337.

larly emphatic in declaring such a decree as is the one in question here "not final," pointing out that *Smith* v. *Vulcan Iron Works*, 165 U. S., 518, decided nothing to the contrary.

CIRCUIT COURT OF APPEALS MISCONCEIVES POTTS CASE, 166 U. S., 263.

The court here appears to have overlooked the subsequent history of the Potts case, 166 U. S., 263, which it cites. The Potts case (166 U. S., 263), decided indeed that "the law of the case" had been established for the lower court by the mandate of this court and that the lower court could not depart from it. It was an authority which might deter the District Court at Milwaukee from granting the application made there to dismiss the bill without the consent and direction of the Circuit Court of Appeals. But it has no bearing on our right to have the Circuit Court of Appeals give that direction when we ask it in an original proceeding brought in that court.

In the Potts case this court,—after deciding on March 15, 1897, that the Circuit Court had no authority to deviate "without express leave of this court" in any way from the directions of the Supreme Court made on January 7, 1895 (two years before it will be noted), reversing the Circuit Court's dismissal of the bill and holding a patent valid and infringed and ordering a perpetual injunction and an accounting,—said, that if an application was made to the Supreme Court for leave to apply to the Circuit Court within twenty days for a rehearing in the case, it would be considered. The report in *C. & A. Potts & Co.* v. *Creager et al.*, 97 Fed. R., 78, shows that the application to the Supreme Court was made, that it was granted; that the Circuit thereupon granted re-

hearing and on said rehearing the patent was again adjudged invalid and the bill dismissed, and that this action of the Circuit Court was affirmed as to one patent and reversed as to the other by the Circuit Court of Appeals. No case could be more analogous to ours so far as the proper method of procedure goes.

It will be noted that if the decree of January, 1895, adjudging the patent valid and perpetually enjoining the defendant—which was entered on the mandate of this court (155 U. S., 597),—was a final decree, then the Circuit Court had no power to grant the petition for rehearing, which was presented (as was this case), long after the term had expired at which such final decree was entered. The action of the Circuit Court in entertaining such petition (with the leave of this court), and granting the rehearing and its later action in setting aside such decree of January, 1895, and that of the Circuit Court of Appeals in that case, show that such decree of January, 1895, was interlocutory merely and not final.

SINGLE QUESTION ON THIS PETITION IS AS TO FINALITY OF DECREE.

No question of procedure is raised in the decision of the case at bar by the Circuit Court of Appeals nor suggested in the opinion of that court which gave the reasons for it. If it had been, the case of *Hart Steel Company* v. *Railroad Supply Co.*, 244 U. S., 294, would have been sufficient authority for us to rely on. That court was mistaken in supposing the petitioner relied on that case as demonstrating that the decree here in question was "interlocutory in essence." We had no intimation or expectation that it could be held anything but interlocutory in view of the decisions of this court and of other courts that we have cited.

But we relied on the same understanding of the Hart case which in effect the opinion of that court says the Circuit Court of Appeals has of it, that the first final adjudication on the validity of a patent is binding on parties and their privies.

The first *final* adjudication on the validity of Patent No. 635,280 between the parties to this litigation or their privies was, as we maintain, by the District Court of the Western District of Pennsylvania, October 1, 1917, and adjudged it invalid.

The Circuit Court of Appeals of the Seventh Circuit has held that the first final adjudication was by the decree, which we maintain was by established and well settled rules of law interlocutory only of the District Court for the Eastern District of Wisconsin on August 21, 1914, which adjudged it valid.

Whether that decree was final or interlocutory is the only question raised or decided by the opinion of the Circuit Court of Appeals of which we are seeking a review.

THOMAS B. KERR,
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Of Counsel.

APPENDIX.

IN THE

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE SEVENTH CIRCUIT.

No. 2163. October Term, 1918, April Session, 1919.

National Brake & Electric Company, *Petitioner,*
vs.
Niels A. Christensen and Allis-Chalmers Company, *Respondents.*

Application for an order directing dismissal of bill brought in the United States District Court for the Eastern District of Wisconsin.

Before BAKER, MACK and EVANS, *Circuit Judges.*

BAKER, *Circuit Judge,* delivered the opinion of the court:

Respondents sued petitioner in the District Court for the Eastern District of Wisconsin for alleged infringement of Patent No. 635,280, issued Oct. 17, 1899, to N. A. Christensen, for a combined pump and motor. On issues joined as to the ultimate rights of the parties, the District Court heard and considered all the evidence each side had to offer respecting the ownership, validity and infringement of the patent, and thereupon adjudged and decreed that respondents were the owners of a valid patent which was being infringed by structures made, used

and sold by petitioner, that petitioner and its agents be enjoined during the life of the patent from making, using or selling any combined pump and motor embodying the Christensen improvements, and that an accounting before a named master in chancery be had for past infringements. On appeal to this court that decree was affirmed in 1915. Ever since our mandate was issued, the cause has been pending in the District Court in Wisconsin on the accounting.

Some time after the decisions in this circuit, respondents began a suit on the same patent against the Westinghouse Traction Brake Company in the District Court for the Western District of Pennsylvania. That litigation resulted in a decree, entered in 1917, pursuant to the mandate of the Circuit Court of Appeals for the Third Circuit, holding the patent invalid and dismissing the bill for want of equity.

Thereupon petitioner went into the District Court in Wisconsin and on representations that it was entitled to the benefit of the Pennsylvania decree as a privy asked that the Wisconsin decree be vacated and petitioner be granted leave to amend its answer on the merits by setting up the Pennsylvania decree as *res adjudicata*. That petition was denied.

And now petitioner comes before us in an original proceeding, asking that we recall our mandate, vacate our decree, find that the Pennsylvania decree is *res adjudicata* in this case, and thereupon direct the vacation of the Wisconsin decree and the dismissal of the bill on the merits.

On the records of the two cases, which are submitted as constituting all the evidence that bears on this motion, respondents dispute petitioner's contentions as to the identity of subject matter and parties in the two decrees. But at the threshold lies the question of the nature and effect of the Wisconsin decree, affirmed by this court, and we have stated the case only in that aspect.

A decree may be looked at from the point of view of time, and also from that of essence. The former discloses procedural law, mainly statutory appellate procedure; the latter concerns the right of a party who, for

instance, on issues joined respecting title to property and exclusive possession or use, has submitted all his proofs and arguments, afterwards to require the court to ignore its deliberate decree on title and right of possession and to hear again the evidence and arguments on those issues because a supplemental or dependent issue has been reserved for future judicial determination.

If a decree writes "finis" to the litigation, it certainly merits the term "final" in time relation. But even in the time relation of procedure, the last judicial action is not always the matter that is reviewed on appeal. If a chancellor entertains a petition for a rehearing (motion for a new trial), his denial of the petition may be the final judicial action in the case, but his decree on the merits as deduced from the evidence and the law is the matter that is reviewed. The effect of the final order in time is to bring forward to the same time the order on the merits. *Brockett* v. *Brockett*, 2 How. 238; *Aspen Mining Co.* v. *Billings*, 150 U. S. 31; *Kingman* v. *Western Mfg. Co.* 170 U. S. 675; *Chicago G. W. Rld. Co.* v. *Gasham*, ... U. S. ..... (Mar. 3, 1919).

Federal appellate procedure is wholly statutory. When the statute limited appeals to "final" decrees, the meaning of "final" was a matter of statutory construction. It was within the province of the court to declare that a "final" order was only the one that ends the litigation in the trial court and that the legislative intent was against "piecemeal" appeals. *Barnard* v. *Gibson*, 7 How. 650; *Craighead* v. *Wilson*, 18 How. 199; *Beebe* v. *Russell*, 19 How. 60; *Humiston* v. *Stainthorp*, 2 Wall. 106; *Green* v. *Fisk*, 103 U. S. 518; *Keystone Co.* v. *Martin*, 132 U. S. 91; *McGourkey* v. *Toledo Ry. Co.*, 146 U. S. 536; *Ex parte National Enameling Co.*, 201 U. S. 156; *Heike* v. *U. S.*, 217 U. S. 423; *Hamilton Shoe Co.* v. *Wolf Brothers*, 240 U. S. 251. In many of these cases the point was stressed that the intermediate order or decree sought to be presented for review, regardless of its essence, was not final for the purposes of appeal within the meaning of the statute. In the *Heike* case the court observed: "It is true that in a certain sense an order concerning a con-

trolling question of law made in a case is, as to that question, final. Many interlocutory orders effectually dispose of some matters in controversy, but that is not the test of finality for the purposes of appeal or writ of error." If an order that is interlocutory in time effectually disposes of certain issues under the law and the evidence, the effect of the last order that disposes of the remaining issues is the same as the effect of the order denying a motion for rehearing,—it brings forward to the latter date for the purposes of appeal the intermediate order on the merits, unless there is a special statutory provision for an intermediate appeal from the intermediate order in question.

Even in cases of procedural law, where the only question was when the time for taking an appeal was ripe, the manifest inconveniences and hardships from long postponement of a review of a decree, intermediate in time, but based on a full submission and consideration of the law and the evidence respecting the foundational issues of title and use, led to exceptions in the application of the time rule. In *Forgay* v. *Conrad*, 6 How. 200, an assignee in bankruptcy filed a bill to cancel sundry deeds of the bankrupt, to establish the assignee's title and right of possession, and to obtain an accounting of the rents and profits received by the defendants. On a full hearing of the issues of title and right of possession, and of the fact that defendants had been in unlawful possession, the trial court decreed that the complainant was the owner and was entitled at once to exclude the defendants from the property, that the defendants' receipts of rents and profits were unlawful, that the amount thereof be determined in an accounting before a master, and that so much of the bill as related to the accounting be retained for further decree. Plainly the parties were kept in court for determination of an issue within the pleadings. Plainly the decree on title and right of possession was not the "final" decree in time relation. Plainly, in its essence, that decree was final as to the issues then adjudged, for they "could not have been afterwards reconsidered or modified except upon a petition for a rehearing"; and the only question was whether an appeal

should then be allowed or only after all issues had been finally disposed of in the trial court. In view of the fact that the assignee in bankruptcy might distribute the proceeds of the sale of the property among the creditors before the accounting issue for rents and profits was finally disposed of, the appeal was permitted to stand. In aid of the "no piecemeal appeals" rule Mr. Chief Justice Taney condemned the splitting of cases and the rendition of two or more final decrees on the merits and pointed out to the trial courts that after a full hearing of the foundational rights of the parties only an opinion should be given and no executable orders entered until the master's account of profits or damages was in, so that all matters in dispute might be embodied in "one final decree." (But the reasons that underlay that attitude have lost their importance by changes in appellate procedure introduced in the act creating the Circuit Courts of Appeals.) *Thomas* v. *Dean*, 7 Wall. 342, was a similar case. There also the decree on review finally adjudged title and right of possession, and reserved the matter of accounting for a future decree.

While *Forgay* v. *Conrad* and *Thomas* v. *Dean* are exceptional cases in the application of the Federal appeals statute then in force, they are not exceptional when substantive law is the test. Indeed, throughout the world of English-derived jurisprudence, these is unanimity that a decree which, on issues joined, and on submission by the parties and consideration by the court of all the evidence the parties can or choose to adduce and all the law the parties and the court deem applicable, adjudges that the complainant is the owner and entitled to the exclusive possession of property and that the defendant has unlawfully invaded the complainant's rights, and orders the defendent to surrender or keep away from the property forever, is a final decree on those issues, even though the issue concerning profits or damages from the defendant's trespasses has been reserved for future judicial action. Decrees of this character have been held to be final in essence, regardless of time relation, in cases of partition, partnership, foreclosure, redemption, cancellation, recission, injunction, condemnation, and many

others.* English courts have never been tied by a statute limiting appeals to those that write "finis" to the litigation. In an English chancery cause there may be successive appeals. Consequently the essential nature of the decree or order has furnished the test.** And in its simplest form the test is whether the parties have intended to submit and have submitted an issue of title or right upon all their admissible contentions of fact and law and the court has intended to decide and has decided that issue and has put its decision into an immediately executable decree which in terms puts an end to that controversy, with no reservation of right to the parties or to the court for further or renewed presentation and con-

*Partition Cases: *Allison* v. *Drake*, 145 Ill. 500; *Ames* v. *Ames*, 148 Ill. 321; *Williams* v. *Wells*, 62 Iowa 740; *Damouth* v. *Klock*, 28 Mich. 162; *McRoberts* v. *Lockwood*, 49 Oh. St. 374; *Lochrane* v. *Loan & Security Co.*, 50 S. E. 372 (Ga.); *Cedar Co.* v. *Peoples Bank*, 111 Fed. 446 (4th C. C. A.); *Richmond* v. *Richmond*, 57 S. E. 736 (W. Va.).

Partnership Cases: *Decatur Land Co.* v. *Cook*, 27 So. 559 (Ala.); *Sammis* v. *Poole*, 89 Ill. App. 118, affirmed in 188 Ill. 396; *Silver* v. *Aiken*, 67 Ala. 313; *Hake* v. *Coach*, 105 Mich. 425.

Foreclosure and Redemption Cases: *Myers* v. *Manny*, 63 Ill. 211; *Gentry* v. *Lawley*, 37 So. 829 (Ala.); *Marquam* v. *Ross*, 78 Pac. 628 (Oregon); *Mills* v. *Hoag*, 7 Paige 18; *Zimmerman* v. *Pugh*, 39 So. 989 (Ala.).

Cancellation or Reformation of Deed Cases: *McMurry* v. *Day*, 70 Iowa 671; *Lohman* v. *Cox*, 56 Pac. 286 (New Mexico); *Stahl* v. *Stahl*, 220 Ill. 188; *Jones* v. *Wilson*, 54 Ala. 50; *Johnson* v. *Northern Trust Co.*, 205 Ill. 263.

Perpetual Injunction Cases: *M. & M. Nat'l Bank* v. *Kent*, 43 Mich. 202; *Sacramento Irr. Co* v. *Lee*, 113 Pac. 834 (New Mexico); *Improvement Co.* v. *Lund*, 113 Pac. 840 (New Mexico); *Chicago Life Ins. Co.* v. *Auditor*, 100 Ill. 478; *Earl* v. *Jacobs*, 142 N. W. 1079 (Mich.).

Condemnation Cases: *Petition of Phil. M. & S. St. Ry. Co.*, 53 Atl. 191 (Pa.); *Tenn. Cent. Ry. Co.* v. *Cazapbell*, 75 S. W. 1012 (Tenn.).

Miscellaneous Cases: *Walker* v. *Crawford*, 70 Ala. 567; *People* v. *Bank*, 65 Pac. 124 (Cal.); *Wynn* v. *Bank*, 53 So. 228 (Ala.); *Robert* v. *Rousseau*, 67 Atl. 330 (R. I.); *Klein* v. *Independent Brewing Assn.*, 231 Ill. 594; *Townsend* v. *Peterson*, 12 Colo. 491; *Fry* v. *Rush*, 65 Pac. 701 (Kan.); *Perrin* v. *Leper*, 72 Mich. 454; *Ayer* v. *Termatt*, 8 Minn. 96; *De Grasse* v. *Gossard Co.*, 236 Ill. 73; *Arnold* v. *Sinclair*, 29 Pac. 349 (Mont.); *Rawley* v. *Burris*, 47 S. W. 176 (Tenn.); *France* v. *Bell*, 71 N. W. 984 (Nebr.); *Morean* v. *Stanley*, 81 Pac. 759 (Colo.); *Neher* v. *Crawford*, 65 Pac. 156 (New Mexico); *Canal Co.* v. *State of Louisiana*, 233 U. S. 362.

**British and Colonial Cases: *In re Stockton Iron Furnace Co.*, 10 L. R. Ch. D. 335; *Vidi* v. *Smith*, 3 El. & Bl. 968; *Fenner* v. *Wilson*, 62 L. J. Ch. 984; *North British Bank* v. *Collins*, 1 MacQueen (Scotch Appeal Cases) 369; *Shaw* v. *St. Louis*, 8 Supreme Court of Canada 385; *Baptist* v. *Baptist*, 21 Supreme Court of Canada 425; *Ahmed Musaji Saleji* v. *Hashim Ebrahim Saleji*, Indian Law Reports, 29 Calcutta 758; *Bhup Indur Bahadur Singh* v. *Bajai Bahadur Singh*, Indian Law Reports, 23 Allahabad 156; *Boloram Dey* v. *Ram Chundra Dey*, Indian Law Reports, 23 Calcutta 279; *Carles* v. *Hertz' Trustee*, 1904 Transvaal Supreme Court 584.

sideration. Such a decree can be opened only on petition for rehearing, bill of review, or appeal.

From the point of view of time any order is interlocutory that "speaks between" the beginning and the end of the litigation. But from the point of view of essence only those orders are interlocutory which abstain from determining the merits of any foundational issue of title or right and do no more than control temporarily the possession or use of property or the actions of the parties in order that the decree or decrees on the merits when rendered may be effectively executed.

Injunction cases (and there can be in reason no difference between the equitable protection of patent rights and other rights) furnish a particularly clear example of the essential distinction. An owner of property is harassed by repeated and continuing trespasses. He may bring a common law action for damages on account of the trespasses. But that is not an adequate remedy against a persistent trespasser. So the owner invokes the equitable remedy of injunction devised by the old-time chancellors. In his bill he sets forth his title and right to exclusive possession and the defendant's repeated and continuing trespasses as indicative of the defendant's intent to trespass in the future, and thereupon prays, always for a permanent injunction, and sometimes for a temporary. If on affidavits and other informal and inconclusive evidence the chancellor orders the defendant to refrain until he can determine the equities on a full and formal submission and deliberate consideration of all the evidence and law, the order is not only interlocutory in time but also in essence. But when the parties have submitted everything they have respecting title and right to exclusive possession and the defendant's minatory attitude, and thereupon the chancellor enters a permanent injunction, immediately executable, the order is final in essence on the issues submitted and determined, but may be either final or interlocutory in time relation. It is final in time if the owner asks no damages for past trespasses, or, having asked, waives them. (In *McGourkey* v. *Toledo & Ohio Ry. Co.*, 146 U. S. 536, 546, it was said that a decree fixing the rights and liabilities of the parties and ordering an accounting before a master is final in time relation, that is, for the purposes of appeal, "if such accounting be not

asked for in the bill.") It is interlocutory in time if the owner sets up and demands his damages for past trespasses and the chancellor reserves that matter for future judicial action. But how comes the chancellor to act at all upon the matter of damages? Injunction, which is the sole basis of the equitable jurisdiction over the bill, is prospective,—it regulates the conduct of the defendant for the future. Damages concern only the past. For them a common law action was proper and adequate. But the chancellor, having rightly taken cognizance of an equitable subject-matter, rightly concludes, in order that there may be a speedy determination of both the equitable and the legal causes of action concerning the same property, not to remit the parties to the common law court, but to entertain the common law cause of action as an appendage of the equitable cause. When the chancellor has found the complainant's title and right to exclusive possession and from evidence of the defendant's repeated and continuing trespasses has found the defendant's threat as to the future, his entry of a permanent injunction exhausts every equitable issue in the bill. But the same evidence that discloses the defendant's threat as to the future usually proves the existence of damages for past trespasses. All that remains in such a case is to ascertain one element, the amount, in order to make the common law cause of action complete. And it is more convenient that this should be done in the court that already has jurisdiction of the parties and has established from the evidence the foundation of the common law cause of action. So the decree of a permanent injunction, determining as it does all the equities of the bill, is final as to the equities, irrespective of whether an accounting of damages for past trespasses is or is not reserved for future action.

With respect to time relation the distinction between a temporary and a perpetual injunction may be ignored without injury to the parties. If a decree that holds or creates a status until a full hearing can be had is challenged, the appeal must be taken within thirty days. Such a decree is interlocutory both in time and in essence. If a decree dismisses an injunctional bill for want of equity, a period of six months is allowed for appeal. Such a decree is final both in time and in essence. If a decree establishes a perpetual injunction and orders an

accounting, no injury is done if, as a matter of procedural law, it be held that an appeal must be taken within thirty days. Such a decree, though final in essence, is interlocutory in time, and, stressing time in procedure, it may be better that the decree be classified as interlocutory for the purposes of appeal. But, although appeals from decrees of temporary injunction and from decrees of perpetual injunction with accounting reserved are thus brought within the same section of the appellate practice statute, no bar to recognizing the difference in essence between temporary and perpetual injunctions is thereby formed. On appeal from a decree of temporary injunction, the only question is whether the trial court abused its discretion in holding or creating a status. If a decree of perpetual injunction with accounting reserved must be held to be interlocutory in essence because it is held to be interlocutory in time, then the only question on appeal would be the chancellor's abuse of discretion. This very contention was presented in *Smith* v. *Vulcan Iron Works,* 165 U. S. 518, and was rejected.

If a decree of perpetual injunction with accounting reserved is merely interlocutory in essence, then the defendant as a matter of right can insist that the chancellor hear again the same evidence and newly discovered evidence and decide anew the equities of the bill. If such a decree is affirmed on appeal, its character, if interlocutory in essence, is not thereby changed, and the defendant could still insist on having his day in the trial court on the merits. In reply to such an insistence in *In re Potts,* 166 U. S. 263, the court said:

> "The decision and decree of this court did not amount indeed, technically speaking, to a final judgment, because the matter of accounting remained to be disposed of. But they constituted an adjudication by this court of all questions, whether of law or fact, involved in the conclusion that the letters patent of the plaintiff were valid and had been infringed. The questions of novelty and infringement were before this court, and disposed of by its decree, and must therefore be deemed to have been finally settled, and could not afterwards be reconsidered by the circuit court."

And the defendant of course could not have the Supreme Court reconsider its final decree on validity and

infringement except by petition for rehearing. Inasmuch as the act creating the Circuit Courts of Appeals requires those courts to hear and determine patent cases in the way theretofore done by the Supreme Court, we had assumed that our books were closed on the questions of the validity and infringement of the Christensen patent ever since 1915.

Lovell-McConnell Co. v. *Auto Supply Co.*, 235 U. S. 383, involved a matter of taxable costs in a Circuit Court of Appeals. The fees in question were not taxable if the decree appealed from was a "final decree." It was held that a decree finding a patent valid and infringed, awarding a permanent injunction, and directing an accounting of damages and profits, was a final decree for the purpose of determining the rights of the parties concerning costs. If a decree that is held to be interlocutory for the purpose of appeal is held to be final respecting a right to costs, how much more important it is that such a decree be held to be final respecting the right to hold a permanent injunction based on findings of validity and infringement after a full submission and consideration of all the evidence and the law bearing on those issues.

In *Hamilton Shoe Co.* v. *Wolf Brothers*, 240 U. S. 251, the statute governing the issuance of writs of certiorari by the Supreme Court to Circuit Courts of Appeals was interpreted and applied. It was held that a refusal to grant the writ on application to review a decree of perpetual injunction with accounting reserved was not equivalent to an affirmance of that decree by the Supreme Court; and that, a writ of certiorari having been granted after the Circuit Court of Appeals had passed on the accounting, the whole case was before the Supreme Court for review. This procedural decision is no deemed by us to oppose a holding that a decree of perpetual injunction with accounting reserved is a final decree on the equities unless vacated on appeal or writ of certiorari.

Hart Steel Co. v. *Railroad Supply Co.*, 244 U. S. 294, is relied on by petitioner as demonstrating that the decree here in question is merely interlocutory in essence. In that case a bill for infringement was dismissed for want of equity by a District Court in Ohio, and that decree had been affirmed by the Circuit Court of Appeals for the Sixth Circuit. Contemporaneously a bill by the same

complainant against different defendants was pending in a District Court in Illinois, and that bill was dismissed for want of equity. When the appeal from that decree came before this court, the defendants-appellees moved that the decree of the District Court be affirmed on the ground that they were in privity with the defendant in the Ohio case. The Supreme Court held that the issue of the defendants-appellees' having been privies to the decree of the District Court in Ohio was pleadable and the question of fact triable in this appellate court. The decrees of the two District Courts and the decree of the Circuit Court of Appeals for the Sixth Circuit were all final decrees both in time and in essence. No question arose or could arise whether a decree of perpetual injunction, immediately executable, though interlocutory in time by reason of a reserved accounting, is or is not final in essence on the issues of title and right of exclusive use. Our understanding of the Hart case is that the first adjudication on the equities of a bill is binding on the parties and their privies. In what ways that first adjudication may be availed of are matters of procedure. We do not understand that the intention of the parties in submitting their full proofs and the character of such submission and the intention of the court in giving deliberate consideration to all the evidence and law the parties can present and the character of the result of such consideration are dependent upon the subsequent condition that the court shall always deny and never grant the equitable relief prayed for in the bill.

We are unable to find, as a matter of substantive law, that a perpetual injunction has only a temporary purpose and force.

The petition is

DENIED.